



# **NEWS RELEASE**

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

**FOR IMMEDIATE RELEASE**

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## **Tax-Deferred College Savings Plan Now Offering New Investment Options**

SACRAMENTO, CA. – California families who want to save for their children's college education now have three new investment options through the Golden State ScholarShare College Savings Trust, the State's tax-deferred college savings program.

Since ScholarShare began last October, more than 11,000 accounts have been opened and more than \$50 million in assets are under management. The portfolio currently offers an Age-Based Asset Allocation Option, with investments in stock, bond and money market mutual funds based on the age of the beneficiary, investing more heavily in equities for younger children and gradually shifting to fixed-income instruments as students approach college age.

Starting July 1, three additional investment options will be available: a 100% Equity Option, comprised of domestic and international stock mutual funds; a 100% Social Choice Equity Option which excludes companies which fail to meet certain socially responsible criteria; and a Guaranteed Option which provides a guarantee of principal and a specified rate of return. The Age-Based Asset Allocation Option and the two new 100% Equity Options are not guaranteed; account values will fluctuate with the market. By using a combination of these new investment options, account owners will now be able to customize their accounts according to their specific needs and investment style.

ScholarShare is an IRS Code Section 529 plan. Contributions are invested in low-cost, professionally managed stock, bond and money market institutional mutual funds, and grow on both a federal and state tax-deferred basis until withdrawn to pay qualified higher education expenses, at which point the earnings are taxed at the beneficiary's (lower) rate. The funds are highly flexible and may be used at any eligible higher education institution in the U.S., including vocational and technical schools, and can be transferred between family members.

"Thousands of Californians have signed up for ScholarShare," said State Treasurer Philip Angelides, Chairman of the ScholarShare Investment Board. "Although we feel that the Age-Based Asset Allocation Option is appropriate for most participants, we recognize that certain investors prefer a guaranteed investment and some prefer to be invested more heavily in equities."

"Regardless of which option or combination of options they choose, ScholarShare is an excellent way to keep pace with the rising costs of putting a daughter or son through college, because of the low minimum contributions, no income limits and tremendous flexibility," said Angelides. "In addition, we believe that ScholarShare will now be the only college savings plan in the country to offer a socially-responsible investment option." Many Californians may prefer this type of fund, which does not invest in certain companies including those which cause significant environmental damage, manufacture weapons, produce alcoholic beverages or tobacco products, or produce nuclear energy.

Contributions to ScholarShare accounts can be made by check, automatic funds transfer, or payroll deduction. For those using payroll deduction, the minimum contribution is only \$15.

Unlike many other college savings vehicles, there are no income limits, and contribution limits are not capped until well past the \$100,000 mark – far higher than the Education or Roth IRAs. These types of plans have been featured in *Time*, *Newsweek*, *Money*, *USA Today* and many other publications as the best new way to save for college.

The State of California selected TIAA-CREF Tuition Financing, Inc., a wholly owned subsidiary of TIAA-CREF, to professionally manage all of the ScholarShare investments. TIAA-CREF, a non-profit company, has been in business for more than 80 years and is one of the world's largest retirement systems, based on assets under management.

Opening an account is easy. ScholarShare accounts are offered through a Participation Agreement and a Disclosure Booklet that describes the program. Interested persons can learn more about ScholarShare by either downloading applications from the website, [www.scholarshare.com](http://www.scholarshare.com), or by calling toll-free 1-877-SAV-4 EDU (1-877-728-4338).

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